

**An Audit of Internal Controls
Milwaukee County
Register of Deeds
Vital Statistics/ID Division**

October 2002

Committee on Finance and Audit

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Summary

This review was requested by the Register of Deeds in response to a July 2002 incident in which 78 applications for birth certificates were found in the home of a clerical assistant employed in the Register of Deeds office's Vital Statistics/Identification Division. The Register of Deeds office files, indexes and sells copies of birth, marriage and death certificates and also issues Milwaukee County and senior citizen identification cards. Most of the applications found in the clerk's home included personal credit card information to pay for the requested certificates.

Controls Over Identity Information

Identity theft is on the rise nationwide with identity information being used in a variety of ways for illicit financial gain, including fraudulently obtaining goods and services and taking cash advances. To reduce the likelihood of fraud, it is important to control access to personal information as well as the ability to create identification (ID) cards. Establishing controls that restrict access to personal information, however, must be balanced against the need to serve individuals legitimately entitled to the information.

Our observations in the Register of Deeds office identified the following control weaknesses in the process by which County ID cards are issued:

- The process for creating an ID card is essentially a one-person operation, without adequate segregation of duties.
- The computer for entering applicant information, along with the equipment that takes the ID pictures and creates ID cards, are located next to each other. Physically segregating these functions would make it more difficult for one person to inappropriately create a false ID card.
- Blank ID card stock is not prenumbered and accounted for.
- Computer records reflecting generated ID cards can be deleted without management pre-approval, which eliminates a necessary audit trail.
- ID card numbers are not generated by the computer and there are no computer edit checks to prevent an ID number from being used more than once or out of sequence.

Necessity of Providing County ID Cards

Given the ability of Milwaukee County residents to obtain State ID cards and the control weaknesses we have identified with the County's process, we question the need for Milwaukee County to issue any type of official ID card. By comparison, six southeastern Wisconsin counties we contacted no longer issue ID cards.

The sale of ID cards generated about \$73,900 for the Milwaukee County Register of Deeds office in 2001. These revenues only slightly exceed related staff, computer and supply costs required to perform this service. However, the ID card service may begin to operate at a loss given the cost of implementing recommended controls, and the possible reduction in ID card sales with more stringent policies for verifying information.

Improper Issuance of ID Cards

The quality of documentation accepted to verify County residency must be improved. We observed a person who received an ID card who later told us he lives and works in Port Washington. On occasion, persons also try to fraudulently obtain a County ID card using the identity information of another person. When attempted duplication of identity is revealed in the ID application process, the ID card is denied and all identity and residency documents are returned to the applicant. In discussing similar situations with the State Division of Motor Vehicles (DMV), its policy is to not return supplied documents and to report the attempted fraud to the local police department. Having Register of Deeds staff enforce fraudulent use penalties could have a positive effect in reducing future attempts to obtain false ID cards.

General Office Security

Security of the Register of Deeds office area in which most of the sensitive identity information is handled needs improvement. Such improvements could include: use and visible display of identifying badges for persons from the general public performing genealogical work in the office; use of employee keys to access the office stairwell between the first and ground floors; and installing a security camera system in key locations within the office.

Criminal Record Checks

The former employee suspected of taking home 78 birth certificate applications has a long history of criminal activity. All applicants for County employment complete a form which asks them to list their criminal convictions and any pending criminal charges. The statements made on the applications are accepted at face value. The Department of Human Resources (DHR) does not verify the self-reported data if it concludes that the reported criminal activity does not disqualify the applicant for

the classification applied for, nor are criminal record checks done if applicants state they have no criminal record.

In the Register of Deeds case, the applicant in question listed three felony convictions on her application. DHR determined that these convictions would not have a bearing on the clerk typist/data entry classification for which she applied, and following its standard practice, did not inform the Register of Deeds of this information.

Criminal record checks should be performed on all individuals selected for hire before their hire date. A criminal record alone is not a valid reason for disqualifying an applicant for employment. However, if the criminal record substantially relates to the circumstances of a particular job for which the applicant is applying, the criminal record may disqualify an applicant. By directive of the County Executive, a focus group comprised of representatives from several County departments is looking into implementing new policies and procedures for conducting criminal record checks.

We have recommended that DHR work with appointing authorities when determining if noted criminal records disqualifies applicants for specific positions. Further, we have recommended that DHR, Sheriff's Department and all other operating departments work together to enforce the County's requirement for all employees to have fingerprints on file as a condition of employment. Currently, approximately 1,600 employees are not in compliance with this requirement.

We appreciate the cooperation of the Register of Deeds office, DHR, Corporation Counsel and the Sheriff's Department as we conducted this audit. Responses from the Register of Deeds and DHR are presented as **Exhibits 2 and 3**.

Background

This review was requested by the Register of Deeds in response to a situation in which applications for birth certificates were found in the home of a clerical assistant assigned to the Vital Statistics/Identification Division. The clerical assistant was subsequently discharged by the Personnel Review Board. The applications had included personal credit card information. This review focused on those areas over which the employee had direct access.

The Register of Deeds office records, indexes and microfilms real estate, corporate and military discharge documents; records informal probate instruments; files and indexes financing statements; maintains a motor vehicle lien index; files and indexes birth, marriage and death certificates; sells copies of the above described documents; collects the real estate transfer tax; issues Milwaukee County and senior citizen identification cards; and performs other such functions as provided by law.

As shown by the following figures, the Register of Deeds budget requires no tax levy support. Its budget has helped reduce tax levy by more than a million dollars annually over the last three years:

	<u>2000 Actual</u>	<u>2001 Actual</u>	<u>2002 Budget</u>
Revenues	\$3,325,146	\$4,421,563	\$3,906,760
Total Costs Before Abatements *	\$2,561,010	\$2,892,643	\$2,957,497
Less Abatements	<u>427,782</u>	<u>937,199</u>	<u>548,453</u>
Total Costs After Abatements	<u>\$2,133,228</u>	<u>\$1,955,444</u>	<u>\$2,409,044</u>
Direct Property Tax Levy Relief	<u>\$1,191,918</u>	<u>\$2,466,119</u>	<u>\$1,497,716</u>

* Abatements consist of direct costs that are incurred for the Register of Deeds office but are accounted for separately in another department or organizational unit. Examples for the years noted include fringe benefit costs and work performed for the Register of Deeds office by the Graphics Division of IMSD.

The 2002 budget for the Register of Deeds office includes 46 full-time equivalent employees grouped into five divisions:

Administrative Division – Consists of four positions; directs the activities of the department in its recording, filing and sale of official documents, deeds and certificates.

Cashier Division – Consists of eight positions; receives and disperses all monies as required by the department and is responsible for the recording of all real estate documents.

Real Estate Division – Consists of 19 positions; primary responsibility is to comply with State Statutes regarding the indexing and microfilming of all public real estate indices.

Vital Statistics/Identification Division – Consists of nine positions; maintains files on birth, marriage and death records and change of name orders. Certified copies of these documents are sold to the general public. The division also helps citizens conduct genealogical research and issues Milwaukee County and senior citizen identification (ID) cards.

Tax Listing Services Division – Consists of six positions; reviews tax descriptions, assigns new tax key numbers due to real estate boundary changes, maintains plat books and property records, assists in preparation of petitions for foreclosure actions, and provides copies of real estate document recordings to local assessors.

The Register of Deeds office is located at the County Courthouse, and occupies office space on both the first floor and ground floor levels. The current Register of Deeds was appointed to the position by the Governor of Wisconsin due to the retirement in early 2002 of the previous Register of Deeds.

Section 1: Internal Controls Over Issuance of County ID Cards

In July 2002, 78 applications for birth certificates were found in the home of a clerical assistant.

In July 2002, 78 applications for birth certificates were found in the home of a clerical assistant employed in the Register of Deeds office's Vital Statistics/Identification Division. The discovery of these applications was made during a search of her home for reasons not associated with her employment with Milwaukee County. The applications had been received by the Register of Deeds office via mail or fax. Most of the applications included personal credit card information to pay for the requested certificates. It has not been determined at this time if the credit card information has been used fraudulently. The employee has since been discharged and charged criminally with misconduct in public office, but she has not yet been arrested since her whereabouts are unknown.

Prior to discovery of the applications, they had been stored in an unsecured work area on the first floor of the Register of Deeds office, to which all staff had access. The Register of Deeds has recently taken steps to better safeguard the applications. The forms are currently locked in a room where access is limited to management staff.

Identity theft is on the rise nationwide.

Importance of Proper Controls Over Identity Information

Identity theft is on the increase nationwide due to the relative ease with which personal information can be obtained. This information can be used in a variety of ways for illicit financial gain. For example, credit card information of others can be used to obtain goods and services or cash advances. New credit cards in someone else's name can be obtained with the proper identifying information. Fraudulent ID cards, those with another's name and other personal information, but the picture of the person committing the fraud, can be useful in perpetrating other frauds. Used in conjunction with a check bearing another person's account number (easily obtained since all checks

contain account numbers), large purchases can be made without immediate detection.

Establishing controls that restrict access to personal information must be balanced against the desire to serve individuals legitimately entitled to the information.

To reduce the likelihood of fraud, it is important to control access to personal information as well as the ability to create ID cards. However, establishing controls that restrict access to personal information must be balanced against the desire to serve individuals legitimately entitled to the information. On one hand, we want access to personal information without having too great a burden placed on us. On the other hand, we want the information reasonably restricted from unauthorized access.

Thus, the convenience of obtaining information comes at a cost – reduced control over who obtains it. For example, the Wisconsin Department of Health and Family Services mails requested copies of certificates for vital statistics, such as birth certificates, without verifying the identity of the requestor. While the applications contain a warning about the penalties associated with making a false application, it is questionable that such a warning would deter someone determined to commit a fraud.

Persons requesting certificate information on site must show a form of ID.

From observations and discussions with management and staff we concluded that the release of requested information via the mail by Register of Deeds staff was consistent with the State's policy for the issuance of requested certificates. However, the ability to obtain vital statistic information over the counter at the Register of Deeds office is somewhat more restrictive. Persons coming to the counter to obtain certificate information are asked to show a form of ID. Also, if the request for a certificate is for someone other than the requestor, then staff ask additional questions to determine the relationship of the requestor to the named individual (such as mother, daughter, etc.).

Our observations showed a need to better control the process by which ID cards are issued.

Our observations showed a need to better control the process by which County ID cards are issued. Since the former employee who was found to have taken documents home worked primarily in the ID card area, our focus was in determining if the controls in that area are sufficient to prevent the issuance of fraudulent ID cards.

Following are the control problems noted with the issuance of County ID cards. Individually and collectively, these control issues help to promote a situation where a dishonest employee could create fraudulent ID cards.

Internal Control Weaknesses -- Identification Cards

In 2001, the Register of Deeds office sold 8,212 ID cards. Based on ID card activity through July 2002, the department is on pace to sell about 8,700 ID cards. At \$9 per card, this activity will generate about \$78,300 for 2002.

The County ID card is often referred to as a secondary ID card, with the primary ID card being the one issued by the State of Wisconsin through the Department of Transportation Division of Motor Vehicles (DMV). This service is provided because County residents often need two forms of identification to transact personal business. Also, a County ID card can help individuals get a State-issued ID card.

The process for creating a County ID is essentially a one-person operation.

The process for creating a County ID card is essentially a one-person operation. First, a staff member in the Vital Statistics/Identification Division has the applicant complete an application form. The applicant is also asked to document his or her identification, such as a social security card, and to document his or her County residency, such as a piece of mail addressed to the applicant within the last six months.

Fingerprint information on file is used at times by the Sheriff's Department in its investigations.

All applicants are also fingerprinted. The card on which a fingerprint is recorded is filed away and later discarded after two years. It is used at times by the Sheriff's Department to help determine the identity of someone who has been arrested.

Information from the application is then entered into a computer. Before the applicant's picture is taken and an ID card created, the data is used to determine if an ID card has already been issued for that person. If the picture from a previously issued ID card does not match the applicant, no card is issued. If an ID card with the same information has not been issued previously, payment of the \$9 fee is obtained, the applicant's picture is taken, a computer record created, and information from the application along with the picture is transferred onto an ID card. The ID card is then given to the applicant.

The following control issues were identified that increase the potential for staff to create fraudulent ID cards without detection.

An improved control would be to segregate the functions when creating an ID card.

The duties of entering data into the computer and taking the picture are not segregated. An improved control would be to segregate the function of entering the application data into the computer and the function of taking the picture and creating the ID card. This would effectively prevent one person from creating a fictitious ID card from information entered into the system. Our observations of the process followed by the State of Wisconsin's DMV showed these duties to be segregated, with controls in place to prohibit the same person from logging onto the computer from two locations in an attempt to perform both functions.

In the County's one-person operation, it is possible for staff to create fraudulent ID cards for themselves or others. It would be possible for a staff member to create a fictitious computer record so that a fraudulent ID card shows whatever information is

desired, then affix any picture to it. An ID card could then be created, and the computer record deleted to hide the fact that the ID card was created. Enhancing the ability to hide any record of this action taking place is:

Accountability over blank ID cards must be improved.

- **The data entry computer and equipment that takes the pictures and creates the ID cards are located next to each other.** Physically separating these functions would help avoid the potential for one person to perform both functions without drawing attention to themselves. However, as currently configured, it would be difficult to segregate the function by distance. The machinery for doing both at the Register of Deeds office is an integrated unit in which the computer is next to the machine that takes the pictures and makes the ID cards. The data entry computer is needed to both initiate the picture taking and to merge the picture onto the ID card.
- **Blank ID cards are not pre-numbered and accounted for.** Without such accountability, a staff person could make as many unauthorized ID cards as they wished without detection. The State DMV will have pre-numbered blank ID cards in the near future. In the interim, it continues to account for all ID cards issued each day, including those that become voided because of technical problems that can occur when the ID cards are created.
- **A computer record reflecting a generated ID card can be deleted without any management pre-approval.** Thus, evidence of a potential fraud could easily be covered up. An audit trail needs to be established that would record any deleted records.
- **The ID number required on the ID card is not generated by the computer.** Instead, it is a number that is sequentially issued by staff based on the previously issued ID card. However, there are no computer edit checks that prevent the same ID number from being used more than once, or creating an ID number out of sequence. This further enhances the ability to delete a record without creating a gap in the number sequence, thereby reducing the ability of having possible fraudulent activity detected.

Segregating the duties of creating ID cards would be one of the best corrective measures.

While segregating the duties of entering data and taking the picture would require two individuals to create an ID card, the daily volume fluctuates such that it would not likely require two persons on a full-time basis. According to management, the

function currently requires between one and 1.5 positions. It appears that existing staff could be pulled from other duties to fill in as needed when an ID card needs to be created. While other actions could be made to help prevent staff from creating fraudulent ID cards without easy detection, segregating the duties would be one of the best corrective measures. To help prevent the unauthorized creation of fraudulent ID cards, and to improve the ability to detect the potential of such occurrences, we recommend that the Register of Deeds:

- 1. Segregate the duties of data entry and the processes of taking pictures and creating the ID card.*
- 2. Physically separate the location of the two functions. If this cannot be done cost effectively, locate the functions in a visible area such that one person working both functions would draw attention to the activity, establish a policy of not allowing one person to perform both functions, and inform staff to alert management if such activity is noted.*
- 3. Account for all blank ID card stock daily. To improve the ability to account for them in the future, include pre-printed serial numbers on new blank ID cards purchased.*
- 4. Enhance computer programming to prevent computer files of completed ID cards from being deleted without detection.*
- 5. Further enhance computer programming by having the computer generate the ID serial number, or alternatively, prevent the computer from creating an ID card using a previously issued number or one that is out of sequence.*

The County ID card is considered a secondary ID card.

Necessity of Providing County ID Cards

As noted previously, the County ID card is considered a secondary ID card, the primary being the one issued by the State DMV. Given the ability of Milwaukee County residents to obtain State ID cards and the control weaknesses we have identified with the County's procedures, one may question the need for Milwaukee County to issue any type of official ID card.

Issuing ID cards is a service provided to County residents. However, if steps are not taken to correct the control problems noted, or if the cost to do so should become prohibitive,

Six southeastern counties we contacted no longer issue ID cards.

consideration should be given to a policy change that would eliminate the issuance of County ID cards. We contacted six southeastern Wisconsin counties and learned that none of them issue their own ID cards, and they are unaware of any Wisconsin county other than Milwaukee County that does so. Each of the counties noted that they had issued ID cards in the past but discontinued the practice to avoid duplicating the service provided by the State DMV.

The sale of ID cards generated about \$73,900 in 2001. This at least covers the cost of salaries to perform this function. Based on management's estimate of 1.5 positions to perform the function, salary and fringe benefit costs total about \$55,200. Register of Deeds management estimated that, with other hardware and computer software costs and supplies, revenues only slightly exceed total expenses at the current activity volume for processing ID cards.

Improving controls may cause the program to operate at a loss.

However, the function may begin to operate at a loss given the cost of implementing recommended controls, and the possible reduction in volume with more stringent verification of information provided and enforcement of identity fraud laws. Thus, we recommend that the Register of Deeds:

6. *Consider eliminating, with County Board approval, the function of issuing ID cards if the integrity of the process cannot be improved.*

Section 2: Additional Controls To Help Prevent Improper Issuance of County ID Cards

We observed an individual who obtained an ID card who later told us he lives outside the County.

Acceptable Forms of Identification to Obtain ID Cards

The types of identification that Register of Deeds staff accept to establish residency can at times result in non-County residents obtaining a County ID card. As an example, we observed a person who received an ID card who later told us he lives and works in Port Washington. He claimed that he needed a County ID card for convenience because his driver's license showed a Port Washington address. He said the County ID card made it easier to do his banking when visiting his mother who lived in Milwaukee. When applying for the ID card, he presented a letter addressed to him that had been mailed to his mother's house as proof of his County residency. Staff were unaware of the out-of-county status until after the person had left.

The quality of documentation accepted to verify County residency must be improved.

The integrity of an identification card, especially one that maintains that the person carrying it is in fact a Milwaukee County resident, needs to be safeguarded. Otherwise, the value of the ID card may be diminished to a point where it is no longer useful to those who need such a form of identification. We discussed this situation with Register of Deeds management. They agreed that the use of mail to establish residency should be limited to some type of formal correspondence, such as a utility bill or a letter from a government agency. We concur with these types of limitations and recommend that the Register of Deeds:

- 7. Improve the quality of documentation accepted to create a County ID card.*

Enforcing Penalties for Committing Fraudulent Acts

Staff believe that attempts to obtain fraudulent ID cards are made by residents without U.S. citizenship.

Signs are posted in the ID card area which state "Fraudulent use of a birth record is a felony punishable with a fine of up to \$10,000 or 3 years in prison or both." However, as noted previously, occasionally someone tries to fraudulently obtain a County ID card using the identity information of another person. Register of Deeds staff stated they believe that in most instances, the attempts are made by residents without U.S. citizenship trying to obtain a form of ID card for purposes of getting a job. They do so by obtaining the identity information of someone with the same heritage, perhaps a relative that is a citizen. This attempt is often thwarted by staff when they check computer records for the same person and find that an ID card had already been issued to another person (the picture on the original ID card is stored in the computer).

Staff estimate they detect one fraudulent attempt per day.

When the duplication is identified, the request for an ID card is denied and the records presented by the individual to establish identification and residency are returned to the applicant, in accordance with advice provided by Corporation Counsel. Staff estimated that they detect about one fraudulent attempt per day. If staff feels that the person is trying to perpetrate a fraud, they often point to the sign stating the penalties, but generally do not take action to contact the Sheriff's Department to have the individual arrested. Staff said that rarely has there been any complaint from an applicant about being denied. Rather, they quickly leave, sometimes without waiting for the documents to be returned for fear of being arrested.

In discussing similar situations with the State DMV, the office supervisor said that they do not return the supplied documents to the person they believe is trying to perpetrate a fraud. In addition, they contact the local police department to have the person arrested if they are able to detain him or her until police arrive.

Having staff enforce penalties could be a deterrent in future attempts to obtain a fraudulent card.

Having Register of Deeds staff enforce fraudulent use penalties could have a positive effect in reducing future attempts at obtaining fraudulent ID cards. Staff pointed out that the word gets out very quickly when the Register of Deeds staff make small changes in the manner in which they conduct business. For example, staff started quizzing applicants about basic information (such as mother's maiden name) found on birth certificates used by applicants to establish their identity. This was done in response to a concern that more than one person appeared to be using the same birth certificate for identity purposes. When questions were asked, staff could tell when applicants were struggling with the answers, especially when they would at times refer to pieces of paper they kept in their pockets. Soon after, applicants were able to give the information without the need for prompting, even when staff suspected fraudulent intent.

If an emphasis were made to enforce penalties for trying to commit a fraudulent act, then perhaps fewer attempts would be made, and consequently, fewer successful attempts. An occasional security presence may also have a significant influence in stopping fraudulent attempts.

Requesting a fingerprint at the start of the application process may have a positive effect of deterring fraud.

Also, as pointed out earlier, fingerprints are obtained as part of the process. Staff indicated that it is not requested consistently at the same time during the process. The timing of the request could have an effect of deterring fraud or making it possible to identify someone trying to obtain an ID card fraudulently. If, for example, the request is not made until after the computer database is checked for a duplicate ID, the applicant could flee without a fingerprint available to help identify the perpetrator. If the request is made at the start of the application process, a fingerprint would be available for identification purposes. Also, a perpetrator may think twice before proceeding if asked to provide a fingerprint at the beginning of the process.

Recent efforts by the Sheriff's Department have been made to raise the public's awareness concerning identity theft. To follow this lead, we believe a security presence is necessary to reduce the frequency of attempts to obtain fraudulent ID cards. We recommend that the Register of Deeds work with the Sheriff's Department to:

8. *Take steps to provide a security presence in the Register of Deeds office. This could be attained through hiring a private security force, or working with the Sheriff's Department to have a Sheriff's deputy periodically stationed at the Register of Deeds office.*
9. *Establish and implement a procedure for quickly notifying the Sheriff's Department staff of potential fraudulent activities being attempted at the Register of Deeds to help create a no-tolerance environment.*

We recommend the Register of Deeds:

10. *Instruct staff to request that all applicants provide their fingerprint at the time an application for an ID card is first received.*

Section 3: General Office Security

Security of the office area in which most of the sensitive identity information is handled needs improvement.

The Register of Deeds office occupies space on both the first floor of the courthouse and the ground floor directly below. The Vital Statistics/Identification Division, which handles most of the office's sensitive identity information, such as birth, marriage and death records along with the system for creating County ID cards, is located on the first floor. Access to the work area is limited to employees and those from the general public who perform genealogical research on an appointment basis (maximum of four at any one time). The genealogical researchers do not wear badges identifying themselves as authorized visitors. The ground floor level contains real estate and tax listing information that is open to the general public. A stairwell runs from the restricted area on the first floor to the open public area on the ground floor level. The doorway from the first floor to the stairwell is unlocked throughout the day.

It is a simple matter for unauthorized persons to enter the restricted access area of the first floor from the ground floor level. Also, their appearance could be mistaken for genealogical researchers, which would afford them relatively free access to sensitive records without creating an appearance that something was awry.

Using keys to access the stairwell between floors would improve security.

The stairwell is predominantly used by first floor employees as a shortcut to the break area, which can also be reached by taking a different set of stairs open to the public. It would appear to be a simple matter to provide keys to staff if they need to return to the first floor from the ground floor level via the restricted-access stairwell. To reduce the risk of unauthorized persons getting access to sensitive data in the Vital Statistics/Identification Division we recommend that the Register of Deeds:

- 11. Keep the door from the restricted-access stairwell to the first floor locked at all times.*
- 12. Issue visitor passes to members of the public granted access to restricted areas and require them to be prominently displayed at all times.*

Use of security cameras would improve overall office security.

The Register of Deeds office has no security camera in its vital statistics application processing area or in its cash handling area. Security cameras have multiple purposes, such as documenting how staff record sales transactions and recording the persons who received service. As such, it can act as a deterrent to potential fraud. Staff and the public alike are less likely to try to perpetrate a fraud if they know that a camera is recording their actions. The State DMV is currently in the process of updating their security camera system to better control and record potential fraud. Facilities Management for the courthouse complex estimated the cost for a security camera system to be about \$5,000. We recommend that the Register of Deeds:

- 13. Purchase and install a security camera system for use in the area where business is transacted and ID cards prepared.*

Section 4: Criminal Record Checks for Employees

The former employee suspected of taking birth certificate applications had been convicted 12 times in the past.

The former employee suspected of taking home 78 birth certificate applications has a long history of criminal activity. With the help of the Sheriff's Department we conducted a criminal record check that showed the employee had been convicted 12 times from 1973 to 1996 for a variety of offenses, including robbery, forgery (four times), and issuing worthless checks.

All applicants for County employment complete a form which asks them to list their criminal record and pending criminal charges. The statements made on their applications are accepted at face value. Applicants reporting criminal records cannot be denied employment simply because of their criminal records, except for felonies involving Law Enforcement Standards Board positions. However, for all other positions the County can disqualify an applicant if the criminal record makes them unsuitable for the specific position for which the person is applying.

For example, a person with a criminal record of embezzlement would not be considered a suitable candidate for a position in the Treasurer's Office. Before that conclusion is reached, the Department of Human Resources (DHR) verifies the criminal record information reported. Otherwise, DHR does not verify the self-reported data if it concludes that the reported criminal activity does not disqualify applicants for the classification for which they are applying, nor are criminal record checks made if applicants state they have no criminal record.

DHR staff decide if an applicant's criminal record makes them suitable for County positions.

DHR staff decide whether a criminal record or pending criminal charges constitute grounds for rejecting an applicant for a particular job. Corporation Counsel, if requested, may provide

Departments are allowed to review applications for persons referred to the department.

advice to DHR staff. DHR staff consider only the requirements of the classification in general, not necessarily the specifics of the department in which the person will work or the duties to which the person will or may be assigned. Generally, DHR makes its decision without consulting the department requesting to fill the position, nor does it inform the department of any candidates that have criminal records, or the details of the convictions. DHR management noted that departments are allowed to review the applications for the persons referred to the department, but that resources do not permit DHR to go through each of the applications on the list of qualified applicants to highlight those reporting criminal records.

DHR did not inform the Register of Deeds that the applicant had reported three felony convictions.

In this particular case, the applicant listed three felony convictions on her employment application (two for forgery and one for tax fraud). DHR determined that these convictions would not have a bearing on the clerk typist/data entry classification, and following its standard practice did not inform the Register of Deeds of this information. However, had DHR consulted with the Register of Deeds in making its decision, or if it had made its decision after considering the department for which the clerical assistant would be working and the duties that the clerical assistant would be asked to perform (creating County ID cards), it would appear likely that the applicant would not have been hired for the position in the first place.

Management staff for the Register of Deeds also had a measure of responsibility for having hired someone with a criminal record to work with sensitive data. Even though DHR did not notify the Register of Deeds office of the applicant's criminal record, some management staff were aware of it. During the interview process, the former employee stated that she had been arrested for some criminal activity, but verbally understated the significance of the activity and her involvement in it. Management staff from the Register of Deeds office could have asked to review her application, or they could have performed

their own criminal record check before recommending that the former Register of Deeds hire her, but they did not.

We checked all 45 Register of Deeds employees for criminal records and found none except for the former employee. However, this situation, and our resulting review of the process by which DHR evaluates applicants with stated criminal records, highlights the need to improve the County's screening practices.

Persons for Whom Criminal Checks are Performed

DHR relies on self reporting by applicants before evaluating whether their stated criminal records makes them suitable for open positions. Thus, applicants not reporting criminal records could be placed in jobs for which they are not suited. Criminal record checks should be performed on all individuals selected for hire before their hire date. This should help confirm what applicants have reported, and bring to light criminal records and pending criminal charges that have not been reported. In this particular case, the criminal record would never have come to light under current hiring procedures if the former employee had not reported the information on the application, and had not discussed it with Register of Deeds management.

Criminal record checks should be performed on all individuals selected for hire before their hire date.

Generally, a criminal record alone is not a valid reason for disqualifying an applicant for employment, except for Law Enforcement Standards Board positions. However, if the criminal record and pending criminal charges have a substantial relationship to the job for which the applicant is applying, the criminal record and/or pending criminal charges may be a valid disqualification. While some relationships are very evident, it may be prudent to involve Corporation Counsel to provide advice on any potential disqualification of a prospective employee.

It also may be prudent to perform criminal record checks on a periodic basis for employees working in sensitive areas, such as cashiers and others in positions of trust who have the ability to

personally gain from fraudulent activity. Such employees could be convicted or charged with a crime after becoming County employees.

Attention also is warranted for employees with known criminal records who transfer or are promoted to other jobs or other departments. Such employees may have been determined to be suited to their original positions, but not to the new positions.

A focus group comprised of representatives from Corporation Counsel, DHR, Department of Human Services, Parks and Risk Management is addressing new policies and procedures for conducting criminal record checks. Corporation Counsel has been directed by the County Executive to prepare an executive order mandating that this new policy be strictly adhered to by all departments. While the directive primarily relates to new hires, the focus group is also considering including current employees who may be transferred or promoted. We concur with such a decision, and further recommend that DHR work with Corporation Counsel to:

- 14. Coordinate the performance of criminal record checks on all new potential employees prior to their appointment and all employees attempting to transfer to another position (including promotions) within the County. Further, that DHR promptly communicate the results of its criminal record checks to the appointing authority.*
- 15. Advise the appointing authority who may wish to disqualify an applicant or any prospective transferee due to information obtained through the criminal checks to assure compliance with applicable laws.*

We also recommend that DHR:

- 16. Work with County appointing authorities to identify those positions of trust that should be subject to ongoing periodic criminal record checks, conduct such criminal record checks, and communicate the results of criminal record checks to that employee's appointing authority.*
- 17. Monitor changes in positions for those with criminal records to ensure continued suitability for the new position.*

Appointing authorities should be involved in making the decision to hire someone with a criminal record.

Criteria Used in Determining Appropriate Placements

All aspects of a specific position, not just the type of position, need to be considered before deciding to hire an applicant with a criminal record. Like positions in different departments may have unique factors that could allow for the hiring of someone with a criminal record in one department but not in another. Since appointing authorities have inherent knowledge about the specific duties and responsibilities that a new employee will be asked to perform, they should be involved in making the decision to hire someone with a criminal record. Their input will help protect County interests in their departments while still allowing DHR to keep the County in conformance with applicable hiring laws. We therefore recommend that DHR:

18. In cooperation with appointing authorities, should consider all aspects of the specific job being filled before determining if an applicant with a criminal record is suited to the open position.

Two methods are available to the County for performing criminal record checks.

Methods Used to Identify Criminal Records

There are generally two methods available to the County for performing criminal record checks for potential or existing employees. One method is to use computerized data contained on the State of Wisconsin's Consolidated Court Automation Program (CCAP). CCAP data can be accessed via the internet and is free to the public. However, use of CCAP can be a hit-or-miss proposition if the matching criteria (name, date of birth, etc.) given by the employee or potential employee is not exactly the same as that contained on the court record.

The second method is to access data maintained by the Wisconsin Department of Justice Criminal Information Bureau (CIB). In contrast to CCAP, CIB matching criteria doesn't have to be exact. Also, once a match is established, all criminal

DHR should be the lead agency in performing criminal record checks.

records for the individual are brought up because they are linked by fingerprints. Once an account is set up with the Wisconsin Department of Justice, it costs \$5 per record check.

Both methods are limited to criminal records in Wisconsin. Criminal records from most other states can also be accessed if needed. The manner of accessing the data and the fees involved vary from state to state.

Since DHR is the common denominator in all County hiring, it would be logical to have that department be designated as the lead agency for performing criminal record checks for the County (excluding the Behavioral Health Division, Children's Detention Center, House of Correction and Sheriff's Department, which have their own internal procedures for checking criminal records). We therefore recommend that DHR:

19. Be given the responsibility for performing criminal record checks for all County departments other than the Behavioral Health Division, Detention Center, House of Correction and Sheriff's Department.

Enforcement of County Employment Requirements

Representatives of the Milwaukee County Sheriff's Department have stated that an individual's fingerprints are needed to perform an in-depth criminal record check. Chapter 19 of the County Ordinances requires fingerprints of all officers and of all persons in the employ of the County, as well as any of its boards or commissions. Staff from the Sheriff's Department have informed us that a significant number of County employees have not been fingerprinted by the Sheriff's Department.

Section 19.05 of the Milwaukee County Ordinances sets forth the consequences of non-compliance with the required fingerprints, which include termination from employment. Section 19.03 requires the Department of Human Resources to notify all

persons who do not have fingerprints on file with the Sheriff's Department.

Our review of computer data indicates that 1,596 employees have not been fingerprinted. A large number of these are seasonal employees for whom the fingerprinting requirement has not been imposed. The remainder are employees for whom fingerprint records should be on file. As part of the hiring process, new employees are supposed to go to the Sheriff's Department to get fingerprinted. However, according to DHR, the hiring departments do not always give new employees the time or otherwise emphasize the need to get fingerprinted, and DHR has been hesitant to take necessary action to enforce the requirement.

DHR has taken steps to better identify new employees that have not been fingerprinted. However, enforcing the requirement is a shared responsibility with the hiring departments. To facilitate in-depth criminal record checks we recommend that the Department of Human Resources:

20. Comply with the provisions of Chapter 19 of the Milwaukee County Ordinances to include:

- Notifying all applicable persons whose fingerprints are not on file with Milwaukee County.*
- With the cooperation of the Milwaukee County Sheriff's Department and County operating departments, establishing a reasonable timetable to allow those persons who do not have fingerprints on file to accomplish this task.*
- Implementing the provisions of Section 19.05, which includes termination of those employed who do not comply with the fingerprint requirement.*

Audit Scope

At the request of the Register of Deeds, we reviewed the security over the data and forms maintained by the Register of Deeds office and the controls over the proper issuance of certificates and ID cards. The request followed the discovery of birth certificate application forms at the home of an employee responsible for creating County ID cards. The audit was conducted in accordance with standards set forth in the United States General Accounting Office *Government Audit Standards*, with the exception of the standard related to periodic peer review. We limited our review to the items specified in this Scope section. During the course of this audit we performed the following:

- Reviewed and evaluated the process by which ID cards and vital statistics certificates are provided to those requesting them.
- Flowcharted the process by which County ID cards are created to help identify control weaknesses.
- Researched materials available on the internet regarding identity theft.
- Interviewed management and staff from the Register of Deeds, Department of Human Resources and the Sheriff's Department regarding the circumstances that led to the discovery of missing birth certificate applications. These persons were also interviewed to identify the process by which applicants with reported criminal records are screened for County employment.
- Obtained and reviewed employment applications for selected Register of Deeds employees.
- Obtained and reviewed criminal record checks for all 45 Register of Deeds employees.
- Reviewed State Statutes, administrative code and applicable regulations regarding the activities of the Register of Deeds office and limits on employee screening using criminal record information.
- Contacted six other Wisconsin counties to determine if they currently issue county ID cards to their residents.
- Contacted a software vendor about available software features in order to implement better controls over the ID card processing system.
- Contacted a computer vendor to determine types of audit trails available on computer systems used to create ID cards, and explored abilities to adjust programming to provide better control over systems which produce identification cards.
- Reviewed applicable County Ordinances regarding employee fingerprints.

Report Title: An Audit of Internal Controls Milwaukee County Register of Deeds Vital Statistics/Identification Division

Report Date: October 2002

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Report Title: An Audit of Internal Controls Milwaukee County Register of Deeds Vital Statistics/Identification Division

Report Date: October 2002

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